



MED
Power Board
MED Power Board
May 27, 2020, 9:30 am - 11:30 am
Electronic Meeting

MINUTES and DOCUMENTS

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MINUTES

MED

Power Board

MED Power Board

Wednesday, May 27, 2020, 9:30 am - 11:30 am

Electronic Meeting

- A. Call To Order
- B. Regular Business
 - 1. Minutes
- C. Informational
 - 1. Financials
 - 2. Disbursements
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 - 4. Fiber Optics Strategic Report
- E. Action Items
- F. Audit Engagement Letter for FY2020
- G. Other

**REGULAR MEETING OF THE BOARD OF
MURFREESBORO ELECTRIC DEPARTMENT**

March 2020

The Board of Murfreesboro Electric Department (MED) did not meet during the month of March 2020 due to the COVID-19 quarantine.

REGULAR MEETING OF THE BOARD OF MURFREESBORO ELECTRIC DEPARTMENT

April 22, 2020

Zoom Meeting:

<https://zoom.us/j/94410518496?pwd=MUIjUzZpY1NsbTN6ZTBiVGFiY3BwUT09;>
Meeting ID: 944 1051 8496

The Board of Murfreesboro Electric Department (MED) met in regular session at 9:30 a.m., Wednesday, April 22, 2020, via Zoom.

Members Attending: Rick Hardesty, Chair
Irene Pitts-McDonald, Vice-Chair
Richard Stone
Ross Bradley
Rick LaLance

Also, attending were P.D. Mynatt, General Manager; Lori Williams, Secretary-Treasurer; and Darren Gore, Assistant City Manager.

Other MED staff members attending were Philip Lim, Gena Dix, Jackie Whitaker, and Chris Barns.

Mr. Hardesty called the meeting to order.

Mr. Mynatt reviewed Zoom meeting etiquette including all votes would be done by roll call.

Mr. Bradley made a MOTION to approve the minutes of the regular meeting held February 26, 2020. Mr. LaLance SECONDED the motion. Ms. Williams called roll and the motion was UNANIMOUSLY APPROVED.

Ms. Williams presented information on February 2020-2019 and March 2020-2019 financial reports. A list of disbursements totaling \$16,461,376.77 for February and disbursements of \$13,491,656.05 for March. A list of uncollectible accounts for February 2020 in the amount of \$13,580.37 and for March 2020 in the amount of \$7,961.18 were presented for review. Additional information showing uncollectable accounts and payments on uncollectable accounts for February and March 2020 was presented.

Ms. Pitts-McDonald joined the meeting.

In Safety and Loss Control Activities, Mr. Mynatt reported that there has been one injury since our last meeting. On March 5, 2020, the employee cut finger with knife while modifying a bandage applied for previous unrecordable injury. There was no loss time, but OSHA deemed it was recordable since it met no exceptions cited in OSHA 26 CFR 1904.5 (b)(2).

Mr. Mynatt reported March 2020 material purchases under \$25,000 of \$422,769.10, there were no purchases between \$25,000 and \$50,000, and transformers purchased under the TVA contract were \$135,742.00.

Mr. Mynatt reported the April 2020 total monthly fuel cost is 1.430 cents per kilowatt-hour for standard service customers, 1.431 cents per kilowatt-hour for large manufacturing customers, and 1.446 cents per kilowatt-hour for large general service customers. The overall system average fuel rate for April is approximately 23% lower than the three-year average April FCA due primarily to the recent mild weather and lower than expected February sales.

Mr. Mynatt reported the May 2020 total monthly fuel cost will be 1.415 cents per kWh for standard service customers, 1.391 cents per kWh for large manufacturing customers, and 1.412 cents per kWh for large general service customers. The overall system average fuel rate for May is approximately 23% lower than the three-year average May FCA primarily due to pandemic impacts and mild weather which caused significant lower sales for the month of March.

In the General Manager's Report, Mr. Mynatt reported that MED experienced several problems due to the storms on Sunday, April 12th. The storms caused equipment failure at the South Church Street Substation causing approximately 1,350 customers to be without power for about 50 minutes. A breaker at East Murfreesboro Substation (Dill Lane) locked out due to a limb falling on the limbs on Minerva Drive. This outage caused approximately 1,500 customers to be without power for about 95 minutes. There were additional scattered outages throughout the night with everyone's power being restored by 10:30 p.m.

Mr. Mynatt reported that several postings have been placed on social media including energy tips and videos showing customers how to lower their bills while they are at home. MED is also offering virtual energy audits.

Mr. Mynatt updated the Board on the merger with MTEMC. TVA Regulatory staff is having bi-weekly calls with MED and MTEMC staff to update the progress in the data review.

Mr. Mynatt also reported that TVA is offering several programs to help customers during the current pandemic including matching grants through the Community Care program and Back to Business for industrial customers.

Ms. Dix presented a compensation adjustment for Lance Jones who will be moving to the 2nd period for Second Shift Serviceman/Lineman.

Ms. Dix updated the Board about how MED is dealing with COVID-19 pandemic. On March 19th, MED closed the lobby with only the drive through being open. Starting the week of March 23rd, employees were divided into teams to work split shifts, and setting up more employees to work remotely. MED has implemented Center for Disease Control and Prevention protocols.

Ms. Dix reported that National Lineman Appreciation Day was April 18th. April 22nd was National Professional Administrative Assistants Day recognizing Daphnea Anderson and Ashley Wright.

Mr. Lim presented the list of City Projects. There were no new projects added this month.

On the Fiber Committee, Mr. Barns reported there are 33 active projects with 24 projects complete. The current project costs of \$799,158.68. The remaining nine projects have been postponed due to COVID-19.

Mr. LaLance made a MOTION to adjourn the meeting. Mr. Bradley SECONDED the motion. Ms. Williams called roll and the motion was UNANIMOUSLY APPROVED.

Secretary-Treasurer

Chair

Approved _____

**MURFREESBORO ELECTRIC DEPARTMENT
COMPARATIVE BALANCE SHEET**

ASSETS AND OTHER DEBITS	APRIL	APRIL	Increase/(Decrease)	
	2020	2019	Amount	Percent
UTILITY PLANT				
Electric Plant	232,095,856	225,867,916	6,227,940	2.76%
Less Depreciation	76,488,731	69,169,352	7,319,379	10.58%
Total	155,607,125	156,698,564	(1,091,439)	-0.70%
Unamortized Acquisition Adj.	717,385	912,644	(195,259)	-21.39%
Total Plant - net	156,324,510	157,611,208	(1,286,698)	-0.82%
OTHER PROPERTY & INVESTMENTS				
Sinking Funds	0	363,433	(363,433)	-100.00%
Other Special Funds	0	678,706	(678,706)	-100.00%
Total	0	1,042,139	(1,042,139)	-100.00%
CURRENT AND ACCRUED ASSETS				
Cash & Temporary Cash Investments	46,811,154	46,914,114	(102,960)	-0.22%
Accounts Receivable	10,273,480	11,093,764	(820,284)	-7.39%
Materials and Supplies	2,273,903	2,470,152	(196,249)	-7.94%
Prepayments	878,802	1,020,652	(141,850)	-13.90%
Other Current Assets	2,149,366	2,586,758	(437,392)	-16.91%
Total	62,386,705	64,085,440	(1,698,735)	-2.65%
DEFERRED DEBITS				
Debt Expense	0	0	0	0.00%
Clearing Accounts	407,392	247,109	160,283	64.86%
Receivables-Conservation Loans	1,615,445	1,812,480	(197,035)	-10.87%
Other Deferred Debits	2,449,789	1,734,337	715,452	41.25%
Total	4,472,626	3,793,926	678,700	17.89%
TOTAL ASSETS & OTHER DEBITS	223,183,841	226,532,713	(3,348,872)	-1.48%
LIABILITIES AND OTHER CREDITS				
EARNINGS REINVESTED IN SYSTEM	APRIL	APRIL	Increase/(Decrease)	
	2020	2019	Amount	Percent
Beginning of Year	187,969,082	183,477,539	4,491,543	2.45%
Current Year to Date	4,628,758	6,220,097	(1,591,339)	-25.58%
Total	192,597,840	189,697,636	2,900,204	1.53%
LONG -TERM DEBT				
Bonds and Other Long -Term Debt	0	5,282,000	(5,282,000)	-100.00%
Debt Premium and Discount	0	25,000	(25,000)	-100.00%
Total	0	5,307,000	(5,307,000)	-100.00%
OTHER NON-CURRENT LIABILITIES				
Post Retirement Benefits	11,478,493	9,606,134	1,872,359	19.49%
Conservation Loans - TVA	1,663,856	1,871,007	(207,151)	-11.07%
Total	13,142,349	11,477,141	1,665,208	14.51%
CURRENT & ACCRUED LIABILITIES				
Accounts Payable	3,601,309	5,406,315	(1,805,006)	-33.39%
Customer Deposits	10,394,128	10,182,477	211,651	2.08%
Interest Accrued	0	15,042	(15,042)	-100.00%
Other Current Liabilities	2,077,753	2,187,560	(109,807)	-5.02%
Total	16,073,190	17,791,394	(1,718,204)	-9.66%
OTHER DEFERRED CREDITS	1,370,462	2,259,542	(889,080)	-39.35%
TOTAL LIABILITIES & OTHER CREDITS	223,183,841	226,532,713	(3,348,872)	-1.48%

**MURFREESBORO ELECTRIC DEPARTMENT
COMPARATIVE REVENUE AND EXPENSE STATEMENT**

	April 2020	April 2019	Increase(Decrease)		FYTD 2020	FYTD 2019	Increase(Decrease)	
	2020	2019	Amount	Percent			Amount	Percent
OPERATING REVENUE								
Electric Sales Revenue	10,560,766	11,784,856	(1,224,090)	-10.39%	141,982,312	143,322,775	(1,340,463)	-0.94%
Revenue from Late Payments	78,241	71,520	6,721	9.40%	814,890	912,663	(97,773)	-10.71%
Misc. Service Revenue	90,145	157,660	(67,515)	-42.82%	1,546,360	1,623,345	(76,985)	-4.74%
Rent from Electric Property	137,998	72,289	65,709	90.90%	914,949	727,436	187,513	25.78%
Other Electric Revenue	0	0	0	0.00%	0	0	0	0.00%
Total Operating Revenue	10,867,150	12,086,325	(1,219,175)	-10.09%	145,258,511	146,586,219	(1,327,708)	-0.91%
PURCHASED POWER								
	8,245,944	9,292,146	(1,046,202)	-11.26%	118,153,087	119,295,589	(1,142,502)	-0.96%
OPERATING EXPENSE								
Distribution Expense	267,581	238,215	29,366	12.33%	2,288,865	2,186,068	102,797	4.70%
Customer Accounts Expense	169,719	202,004	(32,285)	-15.98%	1,765,368	1,780,826	(15,458)	-0.87%
Customer Service & Info. Expense	14,840	17,282	(2,442)	-14.13%	177,529	160,711	16,818	10.46%
Sales Expense	13,862	19,966	(6,104)	-30.57%	236,400	246,548	(10,148)	-4.12%
Administrative & General Expense	650,315	386,451	263,864	68.28%	4,973,267	4,546,597	426,670	9.38%
Total Operating Expense	1,116,317	863,918	252,399	29.22%	9,441,429	8,920,750	520,679	5.84%
MAINTENANCE EXPENSE								
Distribution Expense	215,849	177,210	38,639	21.80%	1,768,172	1,915,051	(146,879)	-7.67%
Administrative & General Expense	28,905	56,937	(28,032)	-49.23%	316,927	311,878	5,049	1.62%
Total Maintenance Expense	244,754	234,147	10,607	4.53%	2,085,099	2,226,929	(141,830)	-6.37%
OTHER OPERATING EXPENSE								
Depreciation Expense	753,923	670,925	82,998	12.37%	7,522,177	6,565,655	956,522	14.57%
Amortization of Acquisition Adj.	16,720	16,503	217	1.31%	167,198	189,536	(22,338)	-11.79%
Taxes and Tax Equivalents	444,353	337,159	107,194	31.79%	3,844,270	3,636,349	207,921	5.72%
Total Other Operating Expense	1,214,996	1,024,587	190,409	18.58%	11,533,645	10,391,540	1,142,105	10.99%
TOTAL OPER EXP & PURCH PWR	10,822,011	11,414,798	(592,787)	-5.19%	141,213,260	140,834,808	378,452	0.27%
INCOME								
Operating Income	45,139	671,527	(626,388)	-93.28%	4,045,251	5,751,411	(1,706,160)	-29.67%
Other Income	6,982	106,374	(99,392)	-93.44%	695,945	598,341	97,604	16.31%
Total Income	52,121	777,901	(725,780)	-93.30%	4,741,196	6,349,752	(1,608,556)	-25.33%
Miscellaneous Income Deductions	0	0	0	0.00%	19,575	30,699	(11,124)	-36.24%
Net Income Before Debt Exp	52,121	777,901	(725,780)	-93.30%	4,721,621	6,319,053	(1,597,432)	-25.28%
DEBT EXPENSE								
Interest on Long Term Debt	34,463	10,542	23,921	226.91%	101,461	102,444	(983)	-0.96%
Other Interest Expense	49	47	2	4.26%	490	463	27	5.83%
Amortization of Debt Discount & Exp.	8,468	605	7,863	1299.67%	13,912	6,049	7,863	129.99%
Amortization of Premium on Debt.	(14,000)	(1,000)	(13,000)	0.00%	(23,000)	(10,000)	(13,000)	0.00%
Total Debt Expense	28,980	10,194	18,786	184.28%	92,863	98,956	(6,093)	-6.16%
NET INCOME	23,141	767,707	(744,566)	-96.99%	4,628,758	6,220,097	(1,591,339)	-25.58%

MURFREESBORO ELECTRIC DEPARTMENT

STATISTICAL DATA

	APRIL 2020	APRIL 2019	INCREASE (DECREASE) AMOUNT	PERCENT
KWH PURCHASED	115,630,567	126,370,762	(10,740,195)	-8.50%
KWH SOLD/USED	112,855,073	125,934,577	(13,079,504)	-10.39%
COST PER KWH PURCHASED (CENTS)	7.14	7.36	-0.22	-2.99%

	FYTD 2020	FYTD 2019	INCREASE (DECREASE) AMOUNT	PERCENT
KWH PURCHASED	1,541,769,066	1,544,264,475	(2,495,409)	-0.16%
KWH SOLD/USED	1,496,905,342	1,503,789,619	(6,884,277)	-0.46%
COST PER KWH PURCHASED (CENTS)	7.67	7.73	-0.06	-0.78%

CUSTOMER DATA

	APRIL 2020	APRIL 2019	INCREASE (DECREASE) AMOUNT	PERCENT
RESIDENTIAL	60,206	58,301	1,905	3.27%
LESS THAN 50 KW	6,493	6,351	142	2.24%
GREATER THAN 50 KW	1,000	1,020	(20)	-1.96%
STREET AND ATHLETIC	160	152	8	5.26%
TOTAL CUSTOMERS	67,859	65,824	2,035	3.09%

FINANCIAL RATIOS

	APRIL 2020	APRIL 2019
CURRENT RATIO	3.88	3.60
ACID TEST	3.55	3.26
DEBT TO EQUITY RATIO	0.000	0.034

	APRIL 2020	APRIL 2019	FYTD 2020	FYTD 2019
OPERATING RATIO	88.41%	85.97%	89.28%	88.99%
NET INCOME(CENTS) / \$ OF REVENUE	0.22	6.36	3.19	4.25

DISBURSEMENTS & ACH TRANSFERS
APRIL 2020

VENDOR	DATE	AMOUNT	DESCRIPTION
MED - Deposit Refund Account	4/6/2020	\$28,402.80	Transfer Funds
MED - Deposit Refund Account	4/9/2020	\$15,617.02	Transfer Funds
MED - Payroll	4/17/2020	\$189,320.63	Employee Direct Deposit
MED - Deposit Refund Account	4/17/2020	\$59,703.87	Transfer Funds
MED - Deposit Refund Account	4/20/2020	\$17,854.74	Transfer Funds
MED - Payroll	4/29/2020	\$191,607.74	Employee Direct Deposit
MED - Deposit Refund Account	4/30/2020	\$25,110.05	Transfer Funds
Check Register		\$15,136,571.08	
Total		\$15,664,187.93	

**Bad Debt Analysis
For Fiscal Year 2020**

	Uncollectable Accounts	Payments Collected	Net Expense
July 2019	8,102.98	(7,142.17)	960.81
Aug 2019	9,067.09	(4,764.97)	4,302.12
Sept 2019	15,024.84	(5,663.02)	9,361.82
Oct 2019	19,460.19	(6,364.18)	13,096.01
Nov 2019	12,295.27	(4,776.64)	7,518.63
Dec 2019	25,266.32	(15,398.61)	9,867.71
Jan 2020	7,509.90	(4,658.59)	2,851.31
Feb 2020	13,580.37	(8,443.75)	5,136.62
March 2020	7,961.18	(9,291.24)	(1,330.06)
April 2020	14,945.75	(13,054.65)	1,891.10
May 2020			0.00
June 2020			0.00
Totals	\$133,213.89	(\$79,557.82)	\$53,656.07

	Sales	Bad Debt to Sales
July 2019	17,222,587.03	0.0056%
Aug 2019	18,477,742.88	0.0233%
Sept 2019	15,986,425.32	0.0586%
Oct 2019	13,122,086.64	0.0998%
Nov 2019	12,651,422.80	0.0594%
Dec 2019	13,887,708.09	0.0711%
Jan 2020	14,909,773.02	0.0191%
Feb 2020	13,392,842.95	0.0384%
March 2020	11,770,956.39	-0.0113%
April 2020	10,560,766.40	0.0179%
May 2020		
June 2020		
Totals	\$141,982,311.52	0.0378%



May Safety Report

Number of Injuries in Last Month	0
Number of Illnesses in Last Month	0

Description of Injuries and Illness (Non-Recordable, Recordable, and/or Reportable)

CALENDAR YEAR 2020

- 3/5/2020 Employee cut finger with knife while modifying bandage applied for previous unrecordable injury; no lost time; recordable

Summary of Lost Time 2020

Days Away	0
Restricted Days	0
Days of Job Transfer	0

Days Between Injuries

March 5, 2020 till May 20, 2020	76
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Injury on 3/5/2020 was deemed OSHA recordable since it met no exceptions cited in OSHA 29 CFR 1904.5 (b)(2)



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MEMORANDUM

TO: MED Power Board
FROM: Diane Simpkins, Director of Purchasing
DATE: Wednesday May 20, 2020
RE: Material Purchases - for May 2020

PURCHASES UNDER \$25,000: \$ 124,770.63

PURCHASES BETWEEN \$25,000 - \$50,000:

PURCHASE ORDER #	VENDOR	ITEM	QUANTITY		AMOUNT
23793	Irby	1/0 conc. Cable	15471	\$	32,922.29
23802	Irby	12ft direct buried pole black	35	\$	38,780.00
Total purchases over					<u>\$ 71,702.29</u>

TRANSFORMER PURCHASES FROM BLANKET:

PURCHASE ORDER #	VENDOR	ITEM	QUANTITY		AMOUNT
23816	Ermco	300 kva 3ph pad mount	6	\$	48,240.00
23815	Ermco	150 kva 3 ph pad mount	2	\$	12,328.00
		500 kva 3 ph pad mount	3	\$	29,148.00
23814	Border States	150 kva 3 ph pad mount	2	\$	12,780.00
		75 kva 3 ph pad mount	4	\$	22,028.00
23813	Border States	50 kva 1 ph pad mount	10	\$	14,720.00
		75 kva 1 ph pad mount	10	\$	17,780.00
		100 kva 1 ph pad mount	5	\$	10,690.00
Total Transformers					<u>\$ 167,714.00</u>
Grand Total					<u><u>\$ 364,186.92</u></u>

NO REQUEST FOR BOARD APPROVAL THIS MONTH

For Internal Use Only – Not For Distribution to Media

Total Monthly Fuel Cost Communication – June 2020

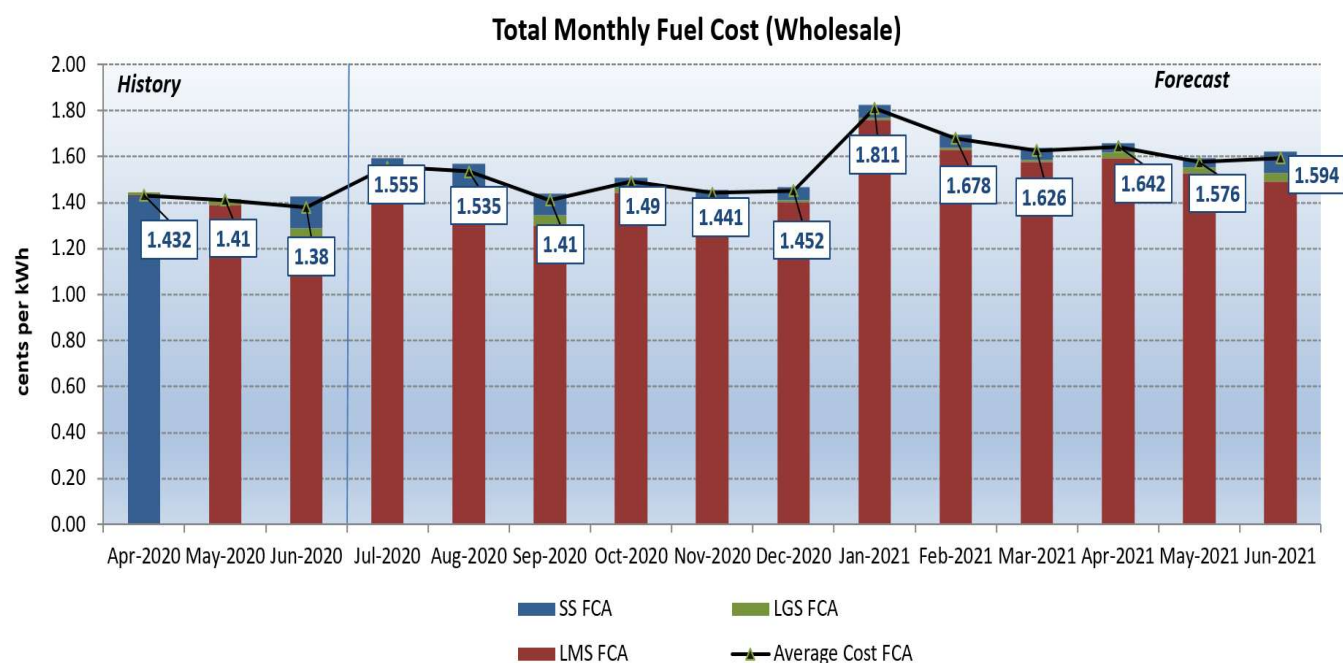
Total Monthly Fuel Cost – June 2020

The total monthly fuel cost will be 1.427 cents per kWh for Standard Service customers, 1.201 cents per kWh for Large Manufacturing customers, and 1.290 cents per kWh for Large General Service customers.

The overall system average fuel rate for June is approximately 25% lower than the three-year average June FCA. This is primarily due to pandemic impacts and mild weather which caused significantly lower sales for the month of April.

April fuel expenses are the lowest that TVA has ever had since the inception of the FCA in October 2006.

Total Monthly Fuel Cost Forecast: June 2020 to June 2021



	apr-2020	may-2020	jun-2020	jul-2020	aug-2020	sep-2020	oct-2020	nov-2020	dec-2020	jan-2021	feb-2021	mar-2021	apr-2021	may-2021	jun-2021
LMS FCA	1.431	1.391	1.201	1.417	1.418	1.302	1.443	1.394	1.403	1.762	1.630	1.576	1.595	1.530	1.493
LGS FCA	1.446	1.412	1.290	1.477	1.465	1.347	1.469	1.417	1.412	1.770	1.638	1.584	1.619	1.553	1.529
SS FCA	1.430	1.415	1.427	1.592	1.567	1.439	1.506	1.457	1.467	1.826	1.693	1.640	1.658	1.592	1.622

The monthly fuel cost forecast represents current expectations and operational conditions and is subject to change at any time. Actual fuel cost amounts in future months are subject to considerable risks and could vary widely from the current forecast.

City Projects - 5/20/2020

Primary	Street	Amount of Aid to Construction	Status	Status Notes	Additional Notes
Jones Blvd	Ridgely Rd to W Northfield Blvd	Design Not Finalized.	Preliminary design.		Waiting on SEC Inc. for finalized roadway plans.
Old Fort Park Maintenance Building	Old Fort Park	\$1,600.00	Design complete.	Waiting on aid to construction.	As of right now single phase
Rucker Ln	Rucker Ln	No Aid to Construction	Design complete.		Waiting on road project to begin.
Airport Terminal	Airport Rd.	\$29,725.00	Med Construction	Aid to construction paid.	Setting up outage to energize new terminal building.
Siegel Park	Cherry Ln.		Design complete.		
Robert Rose Turning Lane	Robert Rose Dr.	No Aid to Construction	MED Comstruction		(2) Poles set. MTEMC line de-energized.

Date: 5/14/2020
To: Power Board
From: Chris Barns
Subject: Murfreesboro Electric Department (MED) fiber optic network project for the City of Murfreesboro (City)

BACKGROUND

The City has requested use of MED's fiber optic network to provide dark fiber to approximately thirty-three (33) facilities. The City is currently using Comcast's iNet fiber optic network to provide telecom/fiber networking for these facilities. MED began construction on this project January 2019.

PROJECT COST

The current project cost is \$807,633.77. The Fiber Dashboard and Fiber Summary for May 2020 is attached for your review following this memorandum.

The original project cost presented to City Council and Power Board in 2018 was \$5,200,000 for sixty-seven (67) facilities. Per City Staff's request, the project cost was updated in September 2019 with a new project cost estimate between \$640,000 and \$768,000 for thirty-three (33) facilities.

I have reviewed the discrepancies in the current and projected project cost and have attached my summary following this memorandum.

CONSTRUCTION UPDATE

MED estimates the project is 91% complete and has been postponed due to the COVID-19 pandemic.

Construction will resume in June when Groves Construction allows the fiber crews to resume travel out of state. Groves Construction estimates 1-week of splicing remaining with the project.

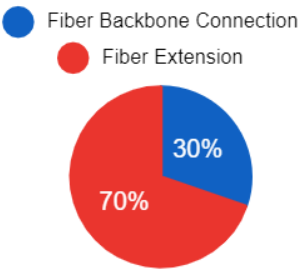
The remaining outstanding items, excluding splicing, are listed below:

- Rutherford County Sherriff's Office - MED is waiting on conduits to be installed to the building by the County.
- Fire Station 4 on Medical Center Pkwy - MED will propose removing this building from the project with City Staff due to several construction concerns that has arisen. Buildings have been removed from the overall project before when circumstances arise.



\$807,633.77
Total Project Cost

33
Active Projects



0
Under Construction

9
Postponed - Coronavirus

24
Project Complete



Fiber Summary - Power Board

Fiber Summary - Power Board

	Primary	Street Address	MED WO#	MED WO# Project Cost	Outside Fiber Installed	Inside Fiber Installed	Inside Splicing Complete	Outside Splicing Complete	MED Status
1	Barfield Park	697 Veterans Pkwy	118727	\$8,150.45	✓	✓	✓	✓	Project complete.
2	Cannonsburgh Village	312 S Front St	118675	\$11,381.56	✓	✓	✓	✓	Project complete.
3	City Hall	111 W Vine St	118767	\$109,523.03	✓	✓	✓	✓	Project complete.
4	City Training (part of Street Department)	W Main St	119447	n/a	✓	✓	✓	✓	Project complete.
5	Fire Administration	NW Broad St	118767	n/a	✓	✓	✓	✓	Project complete.
6	Fire Station 2	2880 Runnymede Dr	118832	\$15,129.08	✓	✓	✓	✓	Project complete.
7	Fire Station 3	1511 Mercury Blvd	120122	\$58,315.00	✓	✓	✓	✓	Project complete.
8	Fire Station 8	1730 E Northfield Blvd	118838	\$7,639.95	✓	✓	✓	✓	Project complete.
9	Fire Station 9	802 Cason Ln	118795	\$6,189.71	✓	✓	✓	✓	Project complete.
10	Fire Station 10	2563 Veterans Pkwy	118683	\$9,696.62	✓	✓	✓	✓	Project complete.
11	McFadden Community Center	211 Bridge Ave	119445	\$24,223.92	✓	✓	✓	✓	Project complete.
12	Murfreesboro Electric Department	N Walnut St		\$0.00	✓	✓	✓	✓	Project complete.
13	MWRD Administration	NW Broad St	118767	n/a	✓	✓	✓	✓	Project complete.
14	MWRD Engineering Annex	NW Broad St	118767	n/a	✓	✓	✓	✓	Project complete.
15	MWRD Mill St Water Tower	405 Mill St	119351	\$20,347.28	✓	✓	✓	✓	Project complete.
16	MWRD Operations & Maintenance	1725 S Church St	119277	\$10,236.08	✓	✓	✓	✓	Project complete.
17	MWRD Stoney Meadow Water Tower	2003 Stoney Meadow Dr	118799	\$85,884.85	✓	✓	✓	✓	Project complete.
18	Patterson Park	521 Mercury Blvd	118852	\$31,651.53	✓	✓	✓	✓	Project complete.
19	Police Headquarters - Greenland Drive	Greenland Drive	118751	\$21,702.16	✓	✓	✓	✓	Project complete.
20	Police Headquarters - N Highland Ave	N Highland Ave	120482	\$15,516.49	✓	✓	✓	✓	Project complete.
21	Police Precinct	520 E Castle St	118818	\$12,161.97	✓	✓	✓	✓	Project complete.
22	Police Special Operations Unit	906 Industrial Drive	119360	\$7,846.96	✓	✓	✓	✓	Project complete.
23	St. Claire Senior Center	St. Claire St	119472	\$10,398.55	✓	✓	✓	✓	Project complete.
24	Street Department	620 W Main St	119447	\$21,492.01	✓	✓	✓	✓	Project complete.
25	Fire Station 4 (Old) / Jones Tower	1311 Jones Blvd	119469	\$14,586.05	✓	✓	✓	□	Postponed - Coronavirus.
26	Fire Station 4 (New - Future)	Medical Center Pkwy	120718	\$662.62	□	□	□	□	Postponed - Coronavirus.
27	Fire Station 6	2302 Memorial Blvd	119449	\$734.75	✓	✓	✓	□	Postponed - Coronavirus.
28	Fire Station 11 (Future)	Blaze Dr	118839	n/a	✓	□	□	□	Postponed - Coronavirus.
29	MWRD Jones Blvd Water Tower	1130 Jones Blvd	119470	\$27,723.92	✓	✓	✓	□	Postponed - Coronavirus.
30	MWRD Water Plant	5528 Sam Jared Dr	118791	\$11,830.96	✓	✓	✓	□	Postponed - Coronavirus.
31	Rutherford County Sheriff's Office	Molloy Lane	119448	\$36,022.02	✓	□	□	✓	Postponed - Coronavirus.
32	SportsCom	McKnight Park - Memorial Blvd	118684	\$100,872.08	✓	✓	✓	□	Postponed - Coronavirus.
33	West Tower Site	Blaze Drive	118839	\$47,187.02	✓	✓	✓	□	Postponed - Coronavirus.

Primary	Street Address	MED WO#	MED WO# Project Cost	Notes
Barfield Park	697 Veterans Pkwy	118727	\$8,150.45	
Cannonsburgh Village	312 S Front St	118675	\$11,381.56	
City Hall	111 W Vine St	118767	\$109,523.03	Bore
City Training (part of Street Department)	W Main St	119447	0.00	
Fire Administration	NW Broad St	118767	0.00	
Fire Station 10	2563 Veterans Pkwy	118683	9,696.62	
Fire Station 11 (Future)	Blaze Dr	118839	0.00	
Fire Station 2	2880 Runnymede Dr	118832	\$15,129.08	
Fire Station 3	1511 Mercury Blvd	120122	\$58,315.00	
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Murfreesboro Electric Department	N Walnut St		\$0.00	
MWRD Administration	NW Broad St	118767	\$0.00	
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Police Special Operations Unit	906 Industrial Drive	119360	\$7,846.96	
St. Claire Senior Center	St. Claire St	119472	\$10,398.55	
Street Department	620 W Main St	119447	\$21,492.01	
West Tower Site	Blaze Drive	118839	\$47,187.02	Bore
Subtotal (May 2020)			\$509,286.53	
Estimated			\$410,000.00	
Discrepancy			\$99,286.53	
Fire Station 4 (New - Future)	Medical Center Pkwy	120718	\$662.62	
Fire Station 4 (Old) / Jones Tower	1311 Jones Blvd	119469	\$14,586.05	

Fire Station 6	2302 Memorial Blvd	119449	\$734.75	
MWRD Jones Blvd Water Tower	1130 Jones Blvd	119470	\$27,723.92	
SportsCom	McKnight Park - Memorial Blv	118684	\$100,872.08	Design change
Police Headquarters - Greenland Drive	Greenland Drive	118751	\$21,702.16	
Police Headquarters - N Highland Ave	N Highland Ave	120482	\$15,516.49	
Rutherford County Sheriff's Office	Molloy Lane	119448	\$36,022.02	
Subtotal (May 2020)			\$217,820.09	
Estimated			\$140,000.00	
Discrepancy			\$77,820.09	
Splicing				
Subtotal (May 2020)			\$80,527.15	
Estimated			\$90,000	
Discrepancy			(\$9,472.85)	
Total (May 2020)			\$807,633.77	
Total Discrepancy			\$167,633.77	
20% Buffer			\$128,000.00	
Difference in Buffer			\$39,633.77	



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MEMORANDUM

To: MED Power Board

Date: May 20, 2020

Subject: Audit Engagement Letter for FY2020

Background -

Our auditors, Dempsey, Vantrease and Follis, PLLC., have submitted an engagement letter to perform the audit of Murfreesboro Electric Department for the fiscal year ending June 30, 2020. The audit fee is \$19,000.

Recommendation -

To authorize Chief Financial Officer to execute the engagement letter from Dempsey, Vantrease and Follis, PLLC to perform the audit for fiscal year ending June 30, 2020 for a fee of \$19,000.

Submitted by Lori Williams
Lori Williams, Chief Financial Officer



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April 29, 2020

To the Board of Directors and Management of the Murfreesboro Electric Department

We are pleased to confirm our understanding of the services we are to provide Murfreesboro Electric Department (the "Department"), an enterprise fund of the City of Murfreesboro, Tennessee, for the year ended June 30, 2020. We will audit the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, the business-type activities, including the related notes to the financial statements, which collectively comprise the basic financial statements of the Department as of and for the year ended June 30, 2020. This audit will also include separate audit report on the Murfreesboro Electric Department Pension Fund. Accounting standards generally accepted in the United States of America provide for certain required supplementary information ("RSI"), such as management's discussion and analysis ("MD&A"), to supplement the Department's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Department's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Schedule of Funding Progress
- 3) Schedule of Changes in the Net Pension Asset and Related Ratios
- 4) Schedule of Department Contributions
- 5) Schedule of Debt Service Requirements

We have also been engaged to report on supplementary information other than RSI that accompanies the Department's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and we will provide an opinion on it in relation to the financial statements as a whole:

- 1) Comparative Statements of Operating Revenues
- 2) Comparative Statements of Operating Expenses

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

- 1) Organizational Data
- 2) Roster of Board Members and Management Officials

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the Department and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the Department's financial statements. Our report will be addressed to the Board of Directors of the Department. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The reports on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the result of that testing, and not to provide an opinion on the effectiveness of the Department's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Department is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Department or to acts by management or employees acting on behalf of the Department. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the Department and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Department's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes of the Department in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for designing, implementing, establishing and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Department involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Department received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We may from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the Department and the State of Tennessee Comptroller's office however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Dempsey Vantrease & Follis PLLC and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to the state of Tennessee Comptroller's office or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Dempsey Vantrease & Follis PLLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the state of Tennessee Comptroller's office. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the parties contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit in July 2020 and to issue our reports no later than November 15, 2020. Mark Follis is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our fee for these services will be \$19,750. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to the Department and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Dempsey Vantrease & Follis PLLC

RESPONSE:

This letter correctly sets forth the understanding of Murfreesboro Electric Department.

Management signature: _____

Title: _____

Date: _____